

AGUIA RESOURCES LIMITED

Half-Year Report

31
DEC
22



AGUIA

Corporate Profile

DIRECTORS

Christina McGrath - Executive Chair
Fernando Tallarico - Managing Director
Martin McConnell - Non-Executive Director
David Carland - Non-Executive Director
(Resigned 15 July 2022)

COMPANY SECRETARY

Nicholas Donlon
(Resigned 12 October 2022)

Alan Nascimento
(Appointed 12 October 2022)

Rebecca Wardrop
(Appointed 12 October 2022)

REGISTERED OFFICE

Level 12
680 George Street
Sydney NSW 2000
Tel. +61 2 8280 7355

PRINCIPAL PLACE OF BUSINESS

Rua Dr. Vale, 555, Sala 406,
Porto Alegre, RS, Brazil, 90560-010
Tel. +55 51 3519 5166

AUDITORS

Ernst & Young

BANKERS

National Australia Bank

STOCK EXCHANGE LISTING

Aguia Resources Limited is listed on the Australian Securities Exchange (ASX code: AGR).

Effective 1 July 2020, the number of Aguia Resources Limited securities owned either directly or indirectly by residents of Canada does not exceed 10% of securities on issue in the Company on a fully diluted basis. As such, Aguia Resources Limited qualifies as a "Designated Foreign Issuer" as defined in the Canadian National Instrument 71-102.

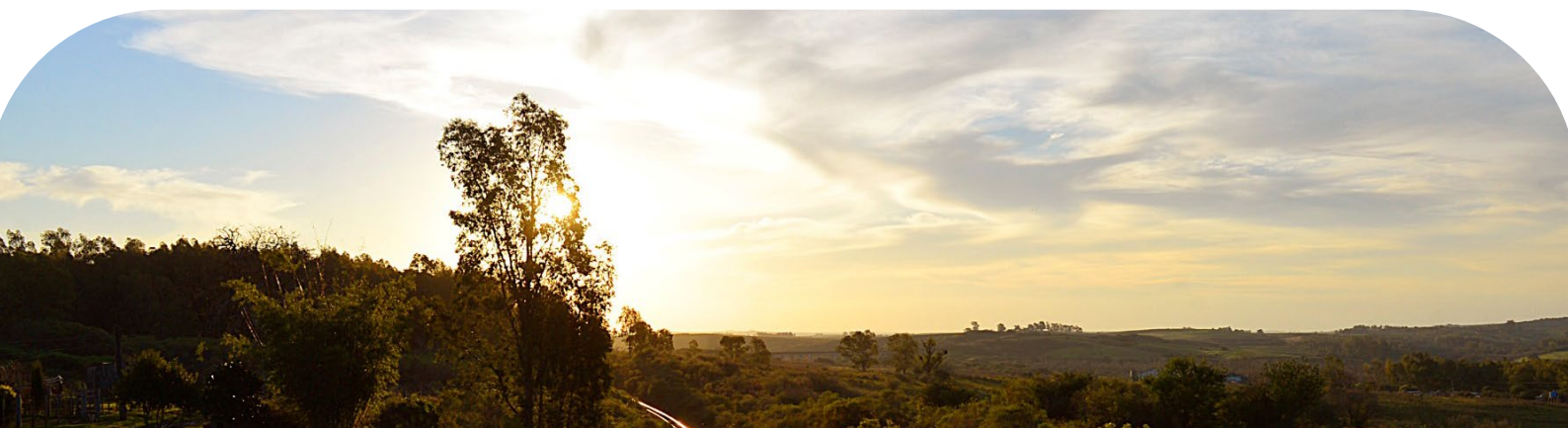
Aguia remains subject to all regulatory requirements of the Australian Securities Exchange (ASX) and the Australian Securities and Investment Commission (ASIC).

WEBSITE

www.aguiaresources.com.au

CORPORATE GOVERNANCE STATEMENT

<http://aguiaresources.com.au/about/corporate-governance/>





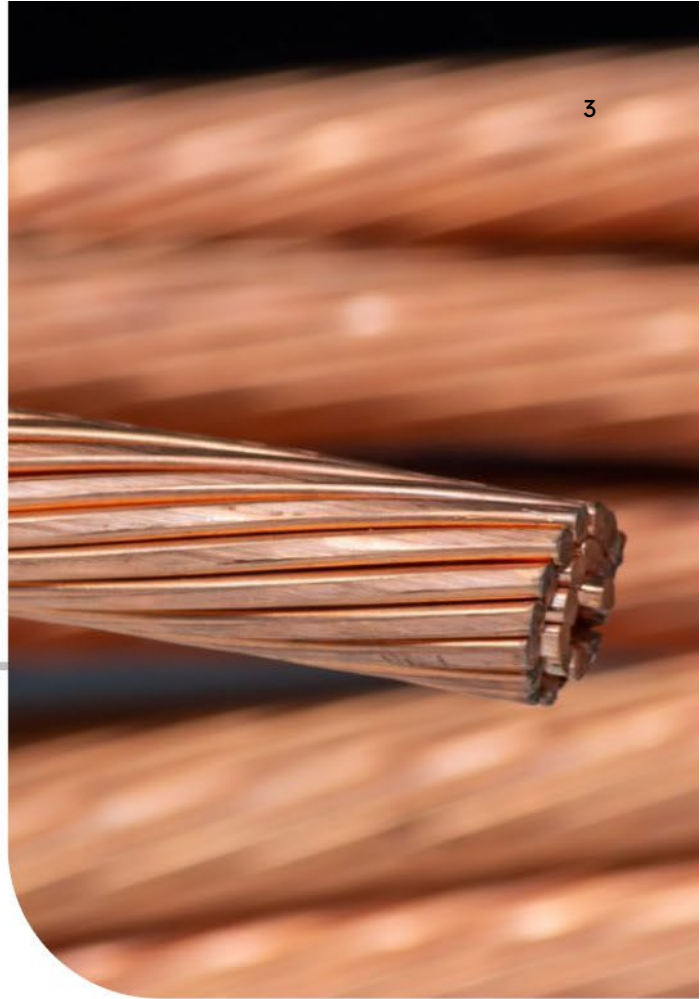
CONTENTS

- 3** Sustainability
- 6** Director's Report
- 13** Auditor Independence Declaration
- 15** Financial Statements
- 25** Directors' Declaration
- 26** Auditor Report



Responsible investment

Agua is committed to the development of environmentally friendly solutions in the processing of mineral resources.



Copper Project

Agua's strategy is to develop a green copper project. The company is experimenting with sorting and bioleaching solutions to process the copper ore. It is intended to be clean and straightforward processing.

Phosphate Project

Our Phosphate project has adopted a Net-Zero Strategy. Besides producing an organic product (at a low OPEX), the processing plant is in the process of being certified as net-zero carbon, energy and water.

The certification process is being done with EDGE, a green building certification system developed by the International Finance Corporation, part of the World Bank.



2030 Agenda for Sustainable Development

In 2015, the United Nations (UN) created the 2030 Agenda for Sustainable Development, also called the 2030 Agenda, which includes a set of Sustainable Development Goals (SDGs) for 2015-2030. In addition, in 2016, the Mining Mapping for Sustainable Development Goals was published, a document that maps the relationship between mining and the SDGs using examples of good practices in the industry, as well as studies and resources that can contribute to the success of the projects. SDGs, in case they are replicated and expanded by the sector.

Aguia, which bases its actions on caring for the environment and promoting the well-being of the communities in which it operates and is always attentive to trends and good market practices, created an action strategy aligned with the SDGs and the Mining Mapping.

Among the actions implemented by the company is creating environmentally friendly projects with energy self-sufficiency, zero water consumption and zero carbon.

AGUIA SUPPORTS LOCAL INITIATIVES FOR EDUCATION, HEALTH, THE ENVIRONMENT AND ECONOMIC AND SOCIAL DEVELOPMENT.



Another initiative developed by Aguia, which is already underway, is the Nossa Terra Project, which supports social promotion initiatives designed in Lavras do Sul/RS, headquarters of the Organic Phosphate Project.

The Organic Phosphate Project already meets 10 of the 17 Sustainable Development Goals¹ (SDGs) proposed by the United Nations. Aguia is committed to fulfilling the remaining 7 goals in the near future.

Among the SDGs prioritised by Aguia in its projects are 1, 3, 6, 7, 8, 9, 12, 13, 14 and 15.

¹ The assessment was prepared by Ecooah, a Brazilian company specialised in sustainable constructions, energy efficiency and renewable energy, which Aguia hired to assist in developing environmentally friendly solutions.



DIRECTOR'S REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Aguia Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half year ended 31 December 2022.

Directors

The following persons were directors of Aguia Resources Limited during the whole of the financial year and up to the date of this report unless otherwise stated:



CHRISTINA MCGRATH
Executive Chair



FERNANDO TALLARICO
Managing Director



MARTIN MCCONNELL
Non-Executive Director



DAVID CARLAND
Non-Executive Director
(Resigned 15 July 2022)

Principal Activities

The principal activities of the consolidated entity during the year were the continued exploration and development of resource projects, predominately phosphate and copper. No significant change in the nature of these activities occurred during the financial half year.

Operating and Financial Review

The loss for the consolidated entity for the half year ended 31 December 2022 after providing for income tax amounted to \$1,132,006 (31 December 2021: \$1,090,257).

Significant Changes in The State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 22 February 2023, Aguia announced the successful completion of a Private Placement raising approximately \$1.5 million. The funds were raised via the issue of approximately 33,340,019 fully paid Ordinary Shares to sophisticated and institutional investors at a price of A\$0.045 per share. The funds will be used for Working Capital and initial construction of the Organic Phosphate Mine.

Refer to Page 9 of this report for the discussion on the Public Civil Action (PCA), regarding the environmental licensing for our Phosphate Project and the status of settlement negotiations.

No other matter or circumstance has arisen since 31 December 2022 that has

significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Christina McGrath – Executive Chair

15 March 2023

REVIEW OF OPERATIONS AND ACTIVITIES

Organic Phosphate Project

A construction permit has been granted for the phosphate mine with construction expected to take 12 months.

The company has an additional 6 phosphate targets and about 12,000 hectare of phosphate tenements exhibiting similar geo-physical characteristics to the current project. Importantly, Aguia controls all of the known phosphate resources in the State which relies solely on imported phosphate.

Agronomical Trials

From late 2019, Aguia has been undertaking Direct Application Natural Fertiliser 'DANF' agronomic tests with Pampafos® conducted by independent agronomists. There is now a growing interest in Aguia's Pampafos® product amongst farmers in RS. Aguia has responded to this interest by expanding the agronomic trials across the state and installing field trials in key locations with high productivity and consequently high demand for phosphate. The broad reach of our testing regime across the state means that many more farmers will be able to visit and see firsthand the efficiency of our product. Table 01 is a summary of the results so far reported.

Table 01. Summary of agronomic tests results

CROP	HIGHLIGHT	ANNOUNCEMENT DATE
Soybean	Pampafos® (CBTSAP) applied to soybean crop resulted in a yield of 98% of that achieved using TSP in the same P ² O ⁵ dosage.	16 June 2020
Corn (Maize)	Green mass and grain productivity from treatment with a dosage of 100 kg/ha surpassed the productivity achieved using conventional phosphate fertilisers.	9 July 2020
Rice	Pampafos® returned yields of up to 99.8% of those achieved using conventional fertilisers	11 May 2021
Rice	Rice productivity results using Pampafos® in a dosage of 50 kg/ha of P ² O ⁵ surpassed the productivity achieved using conventional TSP in the same dosage.	8 September 2021
Oat	Oat productivity results using Pampafos® in a dosage of 100kg/ha of P ² O ⁵ achieved 92% of the yield achieved using conventional TSP in the same dosage.	22 December 2021
Wheat	Wheat productivity results using Pampafos® in a dosage of 50 and 200 kg/ha of P ² O ⁵ surpassed the productivity achieved using conventional TSP in a dosage of 90 kg/ha of P ² O ⁵ .	3 February 2022
Corn	Corn productivity results using Pampafos® in a dosage of 125kg/ha of P ² O ⁵ surpassed the productivity achieved using conventional Triple Superphosphate (TSP) in the same dosage at Pelotas Agronomic Station.	1 June 2022



Legal Update

As previously reported, despite strongly defending the Public Civil Action (PCA), regarding the environmental licensing for our Phosphate Project, Aguia has been trying to negotiate a settlement with the parties involved to close the lawsuit in a timely manner. This attempt has resulted in a series of meetings with the plaintiffs (the Federal Public Prosecutor's Office - (FPPO) - and associations representing the local community), in which the parties were able to have very good discussions and define important assumptions to lay down solid grounds for a potential future settlement.

On Thursday 2 February 2023 (AEST), the trial court held a conciliation hearing, where the parties took further steps towards construing a settlement.

This is the first time the attempts to settle are actually registered in the case records, and it is a step towards Aguia's goal to end the litigation and move forward with the implementation of the Phosphate Project.

On 28 February 2023 the parties met to further discuss a settlement. The meeting was very successful as the parties reached several consensuses, and Aguia agreed to undertake additional steps related to communicating with the local population on the project.

After the February 28th meeting, the Public Prosecutor's Office's technical team issued a supplementary report stating that some of their doubts had been clarified by Aguia. This was then followed by an internal meeting between the Public Prosecutor's Office technical team, the Public Prosecutor and the plaintiffs.

It has now been agreed that next step will be a meeting with the technical teams of all the

parties involved, including Aguia. It is expected to be scheduled shortly so that the remaining technical issues can be discussed.

Once that happens, the company expects to be closer to a written settlement that would end the litigation altogether and allow the commencement of construction.

In the meantime, Aguia is actively engaged in taking steps to prepare for construction, including:

- The Project Manager has been appointed and has already moved with his family to the region;
- The company has appointed the Australian mining consultancy firm Harrier in an advisory role to the project to provide independent oversight to the Board. Harrier has strong links to experienced mining personnel in Brazil;
- The company has appointed a highly experienced sales team with 35 years of experience in agricultural sales and marketing;
- Work has recently been completed on clarifying sourcing agreements, confirming supply chain stability, the availability of materials and equipment and updating prices as part of the preparation for the updated Banking Feasibility Study (BFS); and

The BFS is expected to be announced in late March 2023.

Aguia is actively employing its best efforts to reach a solution soon, which seems more likely with every meeting, and will keep you informed of the next steps.

Strategic Minerals Policy

On 13 October 2021, Aguia announced that the TEPP has been recognised as being of strategic importance by the Federal Government of Brazil under the newly created Strategic Minerals Policy (the 'Policy'), which has the objective of increasing the national production of strategic minerals (including phosphate). This is considered a top priority by the Government.

The Policy aims to select projects for the country's development and promote articulation between government agencies in order to join efforts for the implementation of projects and expand the national production of strategic minerals on an environmentally sustainable basis.

Aguia submitted an application for the TEPP to the Inter-ministerial Committee and was informed that the project has been accepted by the program and recognised as a strategic minerals project by the Federal Government of Brazil.

Aguia's TEPP was accepted in the very first lot of projects that were reviewed and recognised as strategic by the Committee, with the others being two iron ore projects and one copper project, all owned by world-class Brazilian mining companies. The rationale for selecting the TEPP was based on the fact that phosphate is regarded as being critical for Brazil's agricultural sector; Rio Grande do Sul state, being one of the three largest agribusiness producers in Brazil, imports 100% of its phosphate from overseas, and there are very few phosphate projects in Brazil that have the size of resource or the scale of the TEPP when it reaches operation.





FIGURE 1. PLANNED TIMELINE OF ACTIVITIES TO RECEIVE NET ZERO CERTIFICATION

Net Zero Certification

Agua has commenced the process to have the TEPP independently certified as being a self-sufficient project using net-zero Energy, Water and Carbon (0-0-0) by an internationally recognised agency. The process can be broken down into five steps, as illustrated by Figure 01.

Agua has commenced the process to have the TEPP independently certified as being a self-sufficient project using net-zero Energy, Water and Carbon (0-0-0) by an internationally recognised agency. The process can be broken down into five steps, as illustrated by Figure 01.

The Project has already been defined (Step 1). The Company recently submitted the details of the TEPP processing unit to the certifying agency to register the Project for international certification (Step 2). Agua has chosen to pursue Edge Certification, a globally accepted certifier created by the International Finance Corporation (IFC).

Agua already has the process and product areas certified as EDGE advanced and we are awaiting the Registration as Organic. Edge advanced is the top of certifying classification that is a huge worldwide level achievement to Agua.

Sixty days following the commencement of production at the TEPP, Agua will then apply for organic product registration of Pampafos® with an independent and globally accredited agency (Step 4). This phase confirms that no chemicals are added to Pampafos® during production.

Final certification as a 0-0-0 project is granted one year after the commencement of operations following satisfactory testing and inspections (Step 5).

Green Copper Project

UPDATED RESOURCE STATEMENT

On 9 February 2023, Aguia was very pleased to announce that its 2022 infill drilling campaign was successful. Geological modelling led to a sizable Measured & Indicated Mineral Resources of 22.6 Mt at 0.43% Copper and 2.11 g/t Ag and Inferred Mineral Resources totalizing 3.0Mt at 0.43% Cu and 1.85 g/t Ag.

Mineral Resources

Measured & Indicated

22.6 at 0.43% Cu and 2.11 g/t Ag

Inferred

3.0Mt at 0.43% Cu and 1.85 g/t Ag

The Updated Resource Statement is a significant milestone in Aguia's copper story because it:

- Means that no further high-cost drilling is required,
- Provides additional certainty in relation to the copper resource.
- Permits us to proceed to the next stage the Pre-Feasibility Study (PFS), which will provide increasing economic confidence in the project; and
- Allows the start of the Environmental Impact Assessment (EIA) which leads to permitting.

In short, Aguia has an economically viable copper project, which was demonstrated in the Scoping Study announced to the market on 9 March 2021.

The exploration phase for this current project is over, but it is just the beginning of Aguia's copper potential. Aguia has another 10 satellite targets close by, along with 1,500 sq km of copper tenements in the Rio Grande Copper Belt, where studies show unique geological similarities that suggest it once joined the famed African Kalahari Copper Belt that hosts many copper deposits and has been mined for decades.

Our largely Government funded, Research & Development, Green Copper Processing Project, is now progressing in tandem with the EIA work.

Corporate

On 22 February 2023, Aguia announced the completion of a Private Placement raising approximately \$1.5 million. The funds were raised via the issue of approximately 33,340,019 fully paid Ordinary Shares to sophisticated and institutional investors at a price of A\$0.045 per share. The funds will be used for Working Capital and initial construction of the Organic Phosphate Mine.



Ernst & Young
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Auditor's Independence Declaration to the Directors of Aguia Resources Limited

As lead auditor for the review of the half-year financial report of Aguia Resources Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aguia Resources Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Siobhan Hughes' in a cursive style.

Siobhan Hughes
Partner
Sydney
15 March 2023

FINANCIAL STATEMENTS



Statement of Consolidated Profit and loss and other comprehensive income

For the half year ended 31 December 2022

	NOTE	6 MONTHS ENDED 31 DECEMBER 2022	6 MONTHS ENDED 31 DECEMBER 2021
Revenue			
Interest revenue		52,881	68,687
Expenses			
Employee benefits expense		(35,376)	(32,210)
Share based payments	12	(330,292)	(372,227)
Depreciation and amortisation expense		(4,120)	(2,444)
Corporate expenses		(379,758)	(427,469)
Business development costs		(205,930)	(119,839)
Legal and professional		(12,474)	(78,441)
Administrative expense		(216,937)	(126,314)
<i>Total Expenses</i>		(1,184,887)	(1,158,944)
Loss before income tax expense		(1,132,006)	(1,090,257)
Income tax expense		-	-
Loss after income tax expense for the year		(1,132,006)	(1,090,257)
Attributable to:			
Equity holders of Aguia Resources Ltd		(1,132,006)	(1,090,257)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation gain/(loss)	7	27,523	(1,771,570)
<i>Total other comprehensive income/(loss) for the year</i>		27,523	(1,771,570)
Total comprehensive loss for the year		(1,104,483)	(2,861,827)
Earnings per share (cents)			
Basic		(0.28)	(0.32)
Diluted		(0.28)	(0.32)

The above financial statements should be read in conjunction with the accompanying notes

Statement of Consolidated Financial Position

	NOTE	31 DECEMBER 2022	30 JUNE 2022
ASSETS			
Current assets			
Cash and cash equivalents		735,569	3,726,304
Trade and other receivables		67,799	40,546
Prepayments		119,840	46,833
<i>Total current assets</i>		923,208	3,813,683
Non-current assets			
Property, plant and equipment		1,947,586	1,845,705
Exploration and evaluation	4	28,254,269	26,723,226
<i>Total non-current assets</i>		30,201,855	28,568,931
Total assets		31,125,063	32,382,614
LIABILITIES			
Current liabilities			
Trade and other payables	5	247,393	730,755
<i>Total current liabilities</i>		247,393	730,755
Total liabilities		247,393	730,755
Net assets		30,877,670	31,651,859
EQUITY			
Contributed capital	6	122,017,258	121,858,851
Reserves	7	(8,368,263)	(8,567,673)
Accumulated losses		(82,771,325)	(81,639,319)
Total equity		30,877,670	31,651,859

The above financial statements should be read in conjunction with the accompanying notes

Statement of Consolidated Changes in Equity

For the half year ended 31 December 2022

	ORDINARY SHARES	RESERVES (NOTE 7)	ACCUMULATED LOSSES	TOTAL EQUITY
Balance at 1 July 2021	118,101,048	(10,188,952)	(79,783,141)	28,128,955
Loss after income tax expense for the year	-	-	(1,090,257)	(1,090,257)
Other comprehensive income/(loss) for the year, net of tax	-	(1,771,570)	-	(1,771,570)
Total comprehensive income/(loss) for the year	-	(1,771,570)	(1,090,257)	(2,861,827)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,526,296	-	-	3,526,296
Share-based payments (note 7 and note 12)	20,000	102,227	-	122,227
Balance at 31 December 2021	121,647,344	(11,858,295)	(80,873,398)	28,915,651

	ORDINARY SHARES	RESERVES (NOTE 7)	ACCUMULATED LOSSES	TOTAL EQUITY
Balance at 1 July 2022	121,858,851	(8,567,673)	(81,639,319)	31,651,859
Loss after income tax expense for the year	-	-	(1,132,006)	(1,132,006)
Other comprehensive income/(loss) for the year, net of tax	-	27,523	-	27,523
Total comprehensive income/(loss) for the year	-	27,523	(1,132,006)	(1,104,483)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	-	-	-	-
Share-based payments (note 7 and note 12)	158,407	171,887	-	330,294
Balance at 31 December 2022	122,017,258	(8,368,263)	(82,771,325)	30,877,670

The above financial statements should be read in conjunction with the accompanying notes

Statement of Consolidated Cash Flows

For the half-year ended 31 December 2022

	NOTE	31 DECEMBER 2022	31 DECEMBER 2021
Cash flows from operating activities			
Payments to suppliers and employees		(1,032,341)	(794,054)
Interest received		52,881	68,687
<i>Net cash used in operating activities</i>		(979,460)	(725,367)
Cash flows from investing activities			
Purchase of land		-	(573,930)
Purchase of Fixed Assets		(504,057)	-
Payments for exploration and evaluation		(1,507,695)	(622,351)
<i>Net cash used in investing activities</i>		(2,011,752)	(1,196,281)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,047,732
Share issue transaction costs		-	(112,820)
<i>Net cash from financing activities</i>		-	2,934,912
Net (Decrease)/Increase in cash and cash equivalents		(2,991,212)	1,013,264
Cash and cash equivalents at the beginning of the financial year		3,726,304	4,298,379
Effects of exchange rate changes on cash and cash equivalents		477	(146,257)
Cash and cash equivalents at the end of the financial year		735,569	5,165,386

The above financial statements should be read in conjunction with the accompanying notes

Notes to the Financial Statements

Note 1. General Information

The financial report consists of financial statements, notes to the financial statements and the directors' declaration.

Aguia Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

REGISTERED OFFICE

Level 12, 680 George Street
Sydney NSW 2000

PRINCIPAL PLACE OF BUSINESS

Rua Dr. Vale nº 555, Sala 406,
Bairro Moinhos de Vento
CEP.: 90560-010, Porto Alegre, RS.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the Board of Directors, on 15 March 2023.

Note 2. Significant Accounting Policies

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with

AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

GOING CONCERN

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of

assets and the settlement of liabilities in the ordinary course of business. The consolidated Group has incurred net losses after tax of \$1,132,006 (31 December 2021: \$1,090,257) and net cash outflows from operating and investing activities of \$2,991,212 (31 December 2021: \$1,921,647) for the half-year ended 31 December 2022.

The consolidated entity has not generated significant revenues from operations. Based on the cash flow forecasts, the Board is aware of the Group's need to access additional working capital in the future in order to progress its projects.

The directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to continue to pay its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. The directors have based this on the following pertinent matters:

- The Group has the capacity to manage its activities in the short term to minimise its funding requirements.
- The Directors regularly monitor the Group's cash position and, on an on-going basis, consider capital raisings or other methods to ensure that adequate funding continues to be available.
- The Group's history of being able to raise funds when required, through capital raising, including the \$1.5m raised subsequent to year end on 22 February 2023.
- The Directors believe that future funding will be available to meet the Group's objectives and debts as and when they fall due.

In the event the consolidated Group is unsuccessful in achieving the above, there is a material uncertainty that may cast significant doubt as to whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

Note 3. Operating segments

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The consolidated group is organised into one operating segment being mining and exploration in Brazil. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM comprises mainly direct exploration expenditure in assessing performance and allocation of resources and as such no segment result or segment revenues are disclosed. All the company's non-current assets (including exploration assets) are held in Brazil.

The information is reported to the CODM every two months.

Note 4. Non-current Assets - Exploration and Evaluation

	31 DECEMBER 2022	30 JUNE 2022
Brazilian Phosphate project - at cost	45,379,514	44,688,807
Less: Cumulative Impairment	(21,852,634)	(21,852,634)
	23,526,880	22,836,173
Brazilian Copper project - at cost	4,727,389	3,887,053
	28,254,269	26,723,226
		EXPLORATION AND EVALUATION
Balance at 1 July 2022		26,723,226
Additions - Expenditure during the year		1,623,119
Exchange differences		(92,076)
Balance at 31 December 2022		28,254,269

Note 5. Current Liabilities - Trade and Other Payables

	31 DECEMBER 2022	30 JUNE 2022
Trade payables	55,555	137,926
Accrued expenses	23,282	507,186
Other payables	168,556	85,643
	247,393	730,755

Note 6. Equity - Issued Capital

	NUMBER OF SHARES		AUD	
	31 DECEMBER 2022	30 JUNE 2022	31 DECEMBER 2022	30 JUNE 2022
Ordinary shares - fully paid	402,959,034	399,897,089	122,017,258	121,858,851

MOVEMENTS IN ORDINARY SHARE CAPITAL

DETAILS	DATE	SHARES	ISSUE PRICE	AUD
Opening Balance 1 July 2022	1 Jul 2022	399,897,089		121,858,851
Shares issued - to supplier in lieu of cash payment	09 Aug 2022	1,061,945	\$0.055	58,407
**Shares issued - to Fernando Tallarico as approved at the 2022 AGM in lieu of cash payment	30 November 2022	2,000,000	\$0.05	100,000
Closing Balance 31 December 2022	31 Dec 2022	402,959,034		122,017,258

** Amount represents unissued capital at 31 December 2022. The amount has been included in the financial statements at 31 December 2022, as the shares were approved at the AGM on 30 November 2022.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares

have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote.

Note 7. Equity – Reserves

	31 DECEMBER 2022	30 JUNE 2022
Foreign currency reserve	(14,259,272)	(14,286,795)
Share-based payments reserve	5,808,824	5,636,937
Capital contribution reserve	82,185	82,185
	(8,368,263)	(8,567,673)

FOREIGN CURRENCY RESERVE

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It was also used to recognise gains and losses on hedges of the net investments in foreign operations.

SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

CAPITAL CONTRIBUTION RESERVE

This reserve records the capital contribution arising from unrecognised interest due to non-arm's length interest rate at 1% on the \$1 million loan with Forbes Empreendimentos Ltd, a company associated with three of its current/former directors. The consolidated entity ceased to borrow from this counterparty in 2017.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

	CAPITAL CONTRIBUTION	SHARE-BASED PAYMENTS	FOREIGN CURRENCY	TOTAL
Balance at 1 July 2022	82,185	5,636,937	(14,286,795)	(8,567,673)
Foreign currency translation	-	-	27,523	27,523
Share-based payments	-	171,887	-	171,887
Balance at 30 June 2022	82,185	5,808,824	(14,259,272)	(8,368,263)

Note 8. Equity – Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 9. Key Management Personnel

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below.

	31 DECEMBER 2022	31 DECEMBER 2021
Short-term employee benefits	271,083	304,643
Superannuation	11,769	7,750
Share-based payments	228,847	335,320
	511,699	647,713

Note 10. Related party transactions

PARENT ENTITY

Agua Resources Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 14.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 9.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties.

	31 DECEMBER 2022	31 DECEMBER 2021
Payment for goods and services:		
Payment to Brooke McConnell, daughter of NED Mr Martin McConnell, for redesign of the Agua website and corporate presentation.	-	260

Note 11. Earnings per share

	31 DECEMBER 2022	31 DECEMBER 2021
Loss after income tax attributable to the owners of Aguia Resources Limited	(1,132,006)	(1,090,257)
Number of shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	398,874,897	344,909,150
Weighted average number of ordinary shares used in calculating diluted earnings per share	398,874,897	344,909,150
Basic Earnings (Cents)		
Basic	(0.28)	(0.32)
Diluted	(0.28)	(0.32)

Note 12. Share-based payments

Included in the Share-based payments expense is the approved unissued capital to Managing Director, as approved at the AGM in November 2022 and as outlined in note 6.

Note 13. Commitment

The consolidated entity does not have any significant commitments as at 31 December 2022 other than those already been disclosed in the financial statements.

Note 14. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

NAME	PRINCIPAL PLACE OF BUSINESS /COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		31 DECEMBER 2022	31 DECEMBER 2021
Aguia Mining Pty Ltd	Australia	100.00%	100.00%
Aguia Phosphate Pty Ltd	Australia	100.00%	100.00%
Aguia Potash Pty Ltd	Australia	100.00%	100.00%
Aguia Copper Pty Ltd	Australia	100.00%	100.00%
Aguia Metais Ltda	Brazil	100.00%	100.00%
Potassio do Atlantico Ltda	Brazil	100.00%	100.00%
Aguia Rio Grande Mineracao Ltda	Brazil	100.00%	100.00%
Aguia Fertilizantes S.A. ¹	Brazil	49.00%	49.00%

Note 15. Events after reporting date

No other matters or circumstance have arisen since 31 December 2022 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

¹ Controlled by the parent entity through the entity's board of directors

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Christina McGrath
Executive Chair

15 March 2023





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Independent auditor's review report to the members of Agua Resources Limited

Conclusion

We have reviewed the accompanying half-year financial report of Agua Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 of the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Siobhan Hughes' in a cursive style.

Siobhan Hughes
Partner
Sydney
15 March 2023